



IFRS on Point

Financial and Sustainability Reporting Developments and Information from December 2022

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International Headlines

IASB proposes amendments to IAS 12 to introduce a temporary exception from accounting for deferred taxes arising from OECD Pillar Two model rules

The International Accounting Standards Board (IASB) published proposed amendments to IAS 12 *Income Taxes* set out in Exposure Draft (ED) IASB/ED/2023/1 *International Tax Reform—Pillar Two Model Rules* to introduce a temporary exception from accounting for deferred taxes arising from the implementation of the OECD Pillar Two model rules, together with targeted disclosure requirements for affected entities.

Applying the exception, an entity would not recognise deferred tax assets and liabilities related to the OECD Pillar Two income taxes. It would also not disclose any information about these deferred tax assets and liabilities. In periods in which Pillar Two legislation is enacted or substantively enacted, but not yet in effect, an entity would disclose:

- Information about the legislation enacted or substantively enacted in jurisdictions where the entity operates
- The jurisdiction(s) in which the entity's current period average effective tax rate is below 15%
- Whether there are jurisdictions where the entity expects either to pay Pillar Two income taxes although the 15% threshold does not apply, or not to pay Pillar Two income taxes although the 15% threshold applies

The IASB proposes that an entity applies the exception—and the requirement to disclose that it has applied the exception—immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements would be required for annual reporting periods beginning on or after 1 January 2023. Comments on the proposed amendments are requested by 10 March 2023.

Please click to access the following:

- **Press release** on the IFRS Foundation website
- **Exposure Draft** on the IFRS Foundation website
- **iGAAP in Focus** newsletter on IAS Plus

For more information please see the following websites:

www.iasplus.com

www.deloitte.com

IASB meeting (December 2022)

The IASB met on 13-15 December 2022.

The following topics were discussed:

- IASB work plan update
- Financial Instruments with Characteristics of Equity
- Rate-regulated Activities
- Equity Method
- Goodwill and Impairment
- Digital Financial Reporting
- Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures
- Lack of Exchangeability

Please click to access the following:

- **IASB Update** and **post-meeting podcast** on the IFRS Foundation website
- **Meeting page** with links to the agenda, agenda papers and recordings of the meeting on the IFRS Foundation website
- **Work plan analysis** on IAS Plus
- **Detailed meeting summaries** taken by Deloitte observers on IAS Plus

ISSB meeting (December 2022)

The International Sustainability Standards Board (ISSB) met on 13-15 December 2022.

The following topics were discussed:

- General Sustainability-related Disclosures
- Climate-related Disclosures
- ISSB Consultation on Agenda Priorities

Please click to access the following:

- **ISSB Update** on the IFRS Foundation website
- **Meeting page** with links to the agenda, agenda papers and recordings of the meeting on the IFRS Foundation website
- **Detailed meeting summaries** taken by Deloitte observers on IAS Plus

IASB issues report concluding the post-implementation review of classification and measurement requirements relating to financial instruments

The IASB has published its project report and feedback statement on the post-implementation review (PIR) of IFRS 9 Financial Instruments—Classification and Measurement.

The project report and feedback statement provides the IASB's conclusions on the PIR. In addition, the IASB has identified two issues that will need further research. These issues are:

- The assessment of the contractual cash flow characteristics of financial assets with ESG-linked features
- Electronic cash transfers as settlement of a financial asset or liability

Please click to access the **report via the press release** on the IFRS Foundation website.

New IASB Vice-Chair appointed

The Trustees of the IFRS Foundation have announced the appointment of Linda Mezon-Hutter as Vice-Chair of the IASB.

Please click to access the **press release** on the IFRS Foundation website.

Remarks by IASB Chair at the Annual AICPA & CIMA Conference on Current SEC and PCAOB Developments

At the 2022 American Institute of Certified Public Accountants (AICPA) & Chartered Institute of Management Accounting (CIMA) Conference on *Current Securities and Exchange Commission (SEC) and Public Company Accounting Oversight Board (PCAOB) Developments*, IASB Chair Andreas Barckow discussed developments in the IASB's work and its future plans.

Please click to access the **transcript of the speech** on the IFRS Foundation website.

IASB Chair discusses IFRS 17 effective date

The IASB has provided a short video by its Chair Andreas Barckow on the upcoming effective date of IFRS 17. Dr Barckow reminds stakeholders that the effective date for the Standard is 1 January 2023 and that there are supporting resources available on the IFRS Foundation website.

Please click to access the following on the IFRS Foundation website:

- **Video**
- **IFRS 17 supporting materials**

IASB Chair holds speech on corporate reporting

At the EFRAG anniversary conference titled *Where is corporate reporting going?*, IASB Chair Andreas Barckow spoke about the IASB's relationship with EFRAG over the years, and working together towards the common goal to create a global passport in financial reporting for multinational entities.

Please click to access the **transcript of the speech** on the IFRS Foundation website.

Call for papers on IFRS 9 hedge accounting requirements

The IASB and 'Accounting & Finance' are calling for papers for a special issue of the journal on the topic of the application and impact of the hedge accounting requirements in IFRS 9 (and related new disclosure requirements in IFRS 7). Authors of selected papers will be invited to present their work at an on-line research workshop with the special issue editors and IASB staff and board members in October 2023.

Please click to access **more information** on the IFRS Foundation website.

DPOC approves shortened comment period for OECD Pillar Two proposals

In its December 2022 meeting, the Due Process Oversight Committee (DPOC) approved a shortened comment period for an exposure draft (ED) of proposed amendments to IAS 12 that would introduce a temporary exception from accounting for deferred taxes arising from the implementation of the OECD Pillar Two rules and targeted disclosure requirements for affected entities.

Please click to access the **DPOC meeting page** with links to the agenda, agenda papers and recording on the IFRS Foundation website.

Webcast with an overview of the IFRS for SMEs ED

In September 2022, the IASB published an ED of proposed amendments to its *IFRS for SMEs* Accounting Standard. The IASB has now released a webcast offering an overview of the ED.

The webcast:

- Provides a brief background on the *IFRS for SMEs* Accounting Standard
- Describes the approach taken in the second comprehensive review of the standard that led to the publication of the ED
- Summarises the main proposals in the ED

Please click to access the **webcast** on the IFRS Foundation website.

Presentation on the IFRS for SMEs ED at the WSS Conference 2022

The IFRS Foundation has published a video recording of the presentation from the World Standard-setters (WSS) Conference 2022 on the ED for the third edition of the *IFRS for SMEs* Accounting Standard.

The presentation discussed the following topics:

- Background (objective, scope and framework)
- Main proposals
- Other topics the IASB is seeking feedback on

Please click to access the **recording via the press release** on the IFRS Foundation website.

IFRS Foundation and MoF China sign an MoU to establish an ISSB office in Beijing

The Trustees of the IFRS Foundation signed a Memorandum of Understanding (MoU) with the Ministry of Finance (MoF) of China to establish a Beijing office of the IFRS Foundation. The MoU is effective for an initial three-year period.

The signing of the MoU follows the COP26 announcement of the ISSB and its global and multi-location presence by the Trustees.

Please click to access the **press release** on the IFRS Foundation website.

Sustainability Standards Advisory Forum membership announced

The Sustainability Standards Advisory Forum (SSAF) composition has been announced and will include representatives from thirteen jurisdictions and regions. The SSAF goal is to provide the ISSB with technical advice in the development of ISSB's standard-setting.

Members include:

Africa:

- Pan African Federation of Accountants (PAFA)

Americas:

- Brazilian Committee of Sustainability Pronouncements (CBPS)
- CPA Canada (as interim prior to the establishment of the Canadian Sustainability Standards Board (CSSB))
- Group of Latin American Accounting Standard Setters (GLASS)
- Mexican Financial Reporting Standards Board (CINIF)

Asia-Oceania:

- Accounting Regulatory Department, Ministry of Finance of People's Republic of China (ARD)
- Institute of Chartered Accountants India (ICAI)
- Korea Accounting Institute (KAI) and the Financial Services Commission (FSC)
- Saudi Organization for Chartered and Professional Accountants (SOCPA)
- Sustainability Standards Board of Japan (SSBJ)

Europe:

- European Financial Reporting Advisory Group (EFRAG)
- Swiss State Secretariat for International Finance (SIF)
- UK Financial Reporting Council (FRC)

In addition, the SSAF will have three observers from the European Commission, the International Organization of Securities Commissions (IOSCO) and the SEC, and selected meetings with the Global Reporting Initiative (GRI).

Please click to access the **press release** on the IFRS Foundation website.

IFRS Foundation appoints five new Trustees

The IFRS Foundation has announced the appointment of Koushik Chatterjee, Sukjoon Lee, Steven Maijoor, Isabel Saint Malo, and Wencai Zhang as Trustees of the IFRS Foundation. Their appointments will begin on 1 January 2023 and will expire on 31 December 2025.

In addition, the current IFRS Foundation Trustee member Maria Theofilaktidis has been reappointed to serve a second three-year term.

Please click to access the **press release** on the IFRS Foundation website.

IFRS Foundation Trustees hold discussion on sustainability standards

The IFRS Foundation Trustees have published insights from a panel discussion held during its quarterly meeting in Seoul, South Korea. The discussion focused on IFRS Sustainability Disclosure Standards and why they are needed.

Please click to access the **press release** on the IFRS Foundation website.

IFRS Foundation issues formula linkbase 2022

The IFRS Taxonomy formula linkbase 2022 has been published. The linkbase can help with validating and improving the reliability of values reported using the IFRS Accounting Taxonomy and the XBRL technical format. The linkbase 2022 is an update of the 2021 version and accompanies the IFRS Accounting Taxonomy 2022.

Please click to access the **linkbase via the press release** on the IFRS Foundation website.

Hyperinflationary economies—updated IPTF watchlist available

The International Practices Task Force (IPTF) of the Centre for Audit Quality (CAQ) monitors the status of 'highly inflationary' countries for the purposes of applying US GAAP. An updated watchlist is now available.

Please click to access the **watchlist** on the CAQ website.

For economies that should be considered hyperinflationary in an IFRS context, please see our **Closing Out 2022** publication, section 'Currency and hyperinflation'.

CSRD published in the Official Journal of the European Union

After the European Parliament adopted the Corporate Sustainability Reporting Directive (CSRD) on 10 November 2022 and the Council of the European Union gave the final green light on 28 November 2022, the CSRD was published in the Official Journal of the European Union on 16 December 2022.

Please click to access the **CSRD** on the European Union website.

New Zealand climate-related disclosures standards published

The Chair of the External Reporting Board (XRB) of New Zealand has announced that the following climate-related disclosures standards envisaged in 2020 have been published:

- NZ CS 1 *Climate-related Disclosures* provides a framework for entities to consider climate-related risks and opportunities
- NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* outlines a limited number of adoption provisions
- NZ CS 3 *General Requirements for Climate-related Disclosures* establishes principles and general requirements

Although the first standards focus on climate, the XRB approach is not to focus on climate only.

Please click to access the **standards** on the XRB website.

IPSASB takes next step in public sector sustainability reporting

Following from the proposals in its consultation paper titled *Advancing Public Sector Sustainability Reporting*, the International Public Sector Accounting Standards Board (IPSASB) has decided to commence the scoping of three potential public sector specific sustainability reporting projects pending securing the resources needed to begin guidance development.

The IPSASB's immediate action will be to establish a Sustainability Task Force to lead the first critical phase of research and scoping. The IPSASB's prioritised research topics are:

- General requirements for disclosure of sustainability-related financial information
- Climate-related disclosures
- Natural resources—non-financial disclosures

Please click to access **more information** on the IPSASB website.

IVSC perspectives paper on automated valuation

The International Valuation Standards Council (IVSC) has published a perspectives paper titled *Automated Valuation Models and Residential Valuations*.

In the paper, the first in a planned series looking at automated valuation models (AVMs), the IVSC looks at the current International Valuation Standards (IVS) and the question of whether a residential AVM can ever produce an IVS compliant valuation.

Please click to access the **paper via the press release** on the IVSC website.

Deloitte IFRS communications and publications

Issuance Date	Description
12 December 2022	IFRS on Point—November 2022
19 December 2022	iGAAP in Focus—Financial reporting: Closing Out 2022
21 December 2022	iGAAP in Focus—European sustainability reporting—EFRAG submits first set of draft ERS to the European Commission
21 December 2022	iGAAP in Focus—EU Taxonomy—corporate reporting requirements
10 January 2022	iGAAP in Focus—IASB proposes amendments to IAS 12 to introduce a temporary exception from accounting for deferred taxes arising from OECD Pillar Two model rules

Comment letters

	Description	Receiving party	Comment letter deadline
Comment letters pending	Tentative Agenda Decision: Definition of a Lease—Substitution Rights (IFRS 16)	IASB	06/02/2023
	IASB/ED/2022/1—Third edition of the IFRS for SMEs Accounting Standard	IASB	07/03/2023

Effective dates

Click [here](#) for upcoming and recent effective dates.

The Deloitte Accounting Research Tool (DART) is a comprehensive online library of accounting and financial disclosures literature. **iGAAP on DART** allows access to the IFRS Standards, linking to and from:

- Deloitte's authoritative, up-to-date iGAAP manuals which provide guidance for reporting under IFRS Standards
- Model financial statements for entities reporting under IFRS Standards

In addition, our **Beyond the numbers** volume of iGAAP provides guidance on disclosure requirements and recommendations which businesses must consider in light of the broader environmental, social and governance matters which can significantly drive the value of an entity.

To apply for a subscription to iGAAP on DART, click [here](#) to start the application process and select the iGAAP package.

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